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GOVERNMENT DOCUMENTS

THE HAMILTON ENTERTAINMENT AND
CONVENTION FACILITIES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

From: minutes of
HECFI, May 8, 1987
CA4 ONHBL V89 M35

Pannell
Kerr
MacGillivray

Chartered Accountants



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THE HAMILTON ENTERTAINMENT AND
CONVENTION FACILITIES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

AUDITORS' REPORT

To the Board Members of The
Hamilton Entertainment and
Convention Facilities Inc.,
Members of Council, Inhabitants
and Ratepayers of the Corporation
of the City of Hamilton.

We have examined the balance sheet of The Hamilton Entertainment and Convention Facilities Inc. as at December 31, 1986 and the statement of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1986 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 2 to the financial statements.

Hamilton, Ontario,
February 25, 1987.

Pannell Kerr MacGillivray
CHARTERED ACCOUNTANTS.

THE HAMILTON ENTERTAINMENT AND CONVENTION FACILITIES INC.

BALANCE SHEET

AS AT DECEMBER 31, 1986

A S S E T S

CURRENT

Imprest funds	\$ 15,500
Cash in bank	12,943
Accounts receivable	461,952
Due from City of Hamilton	45,310
Inventories (note 3)	62,438
Prepaid expenses	38,883
Deferred charges on future shows	5,993
	\$ 643,019

L I A B I L I T I E S A N D R E S E R V E S

CURRENT

Accounts payable and accruals	\$ 288,119
Advance ticket sales	111,764
Deposits on future rentals	90,841
Unredeemed gift certificates	107,295
	598,019

RESERVES (note 4)

45,000

\$ 643,019

APPROVED ON BEHALF OF THE BOARD

_____)
 _____)
 _____) DIRECTORS
 _____)

THE HAMILTON ENTERTAINMENT AND CONVENTION FACILITIES INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1986

1. INCORPORATION

The Hamilton Entertainment and Convention Facilities Inc. was incorporated without share capital under the laws of Ontario on December 18, 1985 by the City of Hamilton to maintain and operate, in the public interest, the following facilities:

Copps Coliseum (a trade centre and arena)
Hamilton Convention Centre
Hamilton Place (a theatre-auditorium)

The activities of the three facilities were carried on separately until December 31, 1985, at which time the assets, liabilities and operations were assumed by The Hamilton Entertainment and Convention Facilities Inc. Accordingly, these financial statements present the operations of the three facilities for the year January 1, 1986 to December 31, 1986, inclusive.

The financial results by division are summarized on Schedule #1 to these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The corporation follows accounting principles appropriate for a not-for-profit organization. The more significant of these accounting policies are summarized below.

(a) Rentals, Licence Fees and Show Revenues -

Rentals, licence fees and show revenues comprise minimum rental and licence fees, negotiated percentages of box office receipts and profit or loss when the corporation acts as a promoter or co-promoter on shows.

Revenues exclude the capital improvement ticket surcharge (see note 6).

(b) Inventories -

Inventories are valued at the lower of cost, measured on a first-in, first-out basis, and replacement value.

(c) Fixed Assets and Depreciation -

The land, buildings and original equipment of The Hamilton Entertainment and Convention Facilities Inc. are owned by The Corporation of the City of Hamilton. Purchases of equipment and furnishings are charged either directly to operations in the year in which the expenditures occur, or to a reserve fund established for the purchase of fixed assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Reserves -

Appropriations for reserves, if any, are included as expenditures. Payments relating to the functional purpose of the reserves are charged directly to the reserves.

The accompanying financial statements do not include the activities of two related corporations, The Hamilton Performing Arts Foundation Inc. and The Hamilton Arena/Trade Centre Foundation Inc.

3. INVENTORIES

Inventories consist of liquor, beer, wine, food, soft drinks and tobacco supplies.

4. CONTINUITY OF RESERVES

	<u>Innovative Programming</u>	<u>Specific Projects</u>
Balance at beginning of the year	\$ 75,000	\$ 30,449
Add receipts during the year	-	750
Less - charges during the year	(30,000)	-
- reversal to operations during the year	-	(31,199)
Balance at end of the year	<u>\$ 45,000</u>	<u>\$ -</u>

5. TRANSFER TO THE CITY OF HAMILTON

The excess of revenue over expenditure for the year has been returned to the City of Hamilton and is normally designated for the reserve for capital projects for The Hamilton Entertainment and Convention Facilities Inc. in the general revenue fund of the City of Hamilton. These funds and interest earned thereon will be used to finance major building repairs, purchase of equipment or replacement thereof.

THE HAMILTON ENTERTAINMENT AND CONVENTION FACILITIES INC.
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 1986

REVENUE

Food, beverage and concessions	\$ 2,347,942
Rentals, licence fees and show revenues	1,547,286
Recoveries	1,805,875
Box office	371,590
Other	289,555
	6,362,248

EXPENDITURE

Operations	2,483,491
Food and beverage	1,816,201
Administration	1,601,067
Maintenance	993,968
Marketing and promotion	871,409
Box office	320,907
	8,087,043

EXCESS OF EXPENDITURE OVER
REVENUE FROM OPERATIONS

1,724,795

CONTRIBUTION FROM THE CITY OF
HAMILTON

2,432,570

EXCESS OF REVENUE OVER EXPENDITURE
FOR THE YEAR

707,775

TRANSFER TO THE CITY OF HAMILTON (note 5)

707,775

\$ -

THE HAMILTON ENTERTAINMENT AND CONVENTION FACILITIES INC.
 SCHEDULE OF FINANCIAL RESULTS BY DIVISION
 FOR THE YEAR ENDED DECEMBER 31, 1986

	<u>Copps Coliseum</u>	<u>Hamilton Convention Centre</u>	<u>Hamilton Place</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$ 1,456,515	\$ 2,462,882	\$ 1,847,645	\$ 595,206	\$ 6,362,248
Expenditure	<u>1,383,267</u>	<u>2,532,155</u>	<u>2,323,712</u>	<u>1,847,909</u>	<u>8,087,043</u>
Excess of expenditure over revenue (revenue over expenditure) from operations	(73,248)	69,273	476,067	1,252,703	1,724,795
Contribution from (to) City of Hamilton	(<u>153,390</u>)	<u>225,460</u>	<u>511,600</u>	<u>1,848,900</u>	<u>2,432,570</u>
Excess of revenue over expenditure	<u>(\$ 80,142)</u>	<u>\$ 156,187</u>	<u>\$ 35,533</u>	<u>\$ 596,197</u>	<u>\$ 707,775</u>

The Corporate Division is comprised of the Marketing Department and the Finance and Administration Department, which includes the box office and related fees.

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